

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A]  Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

2006 APR 20 PM 2 55

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds Dry      Ocean Munds Dry      Attorney      4-20-06  
 Print or Type Name      Signature      Title      Date  
omundsdry@hollandhart.com  
 e-mail Address



April 20, 2006

**HAND DELIVERY**

Mr. Mark Fesmire, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Texland Petroleum-Hobbs LLC, for administrative approval of an unorthodox well location for its CP 3 State Well No. 1, to be drilled to the Drinkard formation at a surface location 1229 feet from the South line and 1005 feet from the East line of Section 3, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Texland Petroleum-Hobbs LLC ("Texland") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4), of an unorthodox well location in the Lovington Pool for its CP 3 State Well No. 1 located 1229 feet from the South line and 1005 feet from the East line of Section 3 (Unit P), Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Drinkard formation is unorthodox because it is governed by statewide rules which provides for wells on 40-acre spacing units to be located 330 feet from any boundary of the spacing unit. The proposed unorthodox well location is only 91 feet from the northern boundary of the proposed spacing unit. A standard 40-acre spacing unit and proration unit comprised of the SE/4 SE/4 of Section 3 will be dedicated to the well.

The non-standard location is required by geologic conditions. As shown on the attached **Exhibit A**, the proposed location is positioned to encounter the Drinkard formation at the highest and thickest point possible.

HOLLAND & HART<sup>LLP</sup>



**Exhibit B** is a plat that shows the subject area, the 40-acre proposed spacing unit comprised of the SE/4 SE/4 of Section 3, the proposed unorthodox well location and the offsetting spacing units.

**Exhibit C** is the C-102 filed for the well that shows the surveyed location of the well.

Pursuant to Division Rule 1210(A)(2), there are no affected parties to notify as Texland is the operator in the offsetting spacing unit and ownership is common. Also enclosed is a proposed administrative order prepared by Texland on behalf of the Division.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
ATTORNEY FOR TEXLAND  
PETROLEUM-HOBBS LLC

Enclosures

cc: Vickie Smith

Texland Petroleum-Hobbs LLC

Attention: Vickie Smith

*Administrative Order NSL-\_\_\_\_\_*

Dear Ms. Smith:

Reference is made to your application dated April 20, 2006 for an unorthodox well location for Texland Petroleum-Hobbs LLC's CP 3 State Well No. 1 to be drilled to the Drinkard formation in the Lovington Pool. Said well will be located 1229 feet from the South line and 1005 feet from the East line of Section 3, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

A 40-acre spacing and proration unit in the Drinkard formation comprising the SE/4 SE/4 of said Section 3 is to be dedicated to said well.

This application has been duly filed under the provisions of Rule 104.F of the General Rules of the Oil Conservation Division revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By authority granted me under the provisions of Rule 104.F(2), the above-described unorthodox well location within this 40-acre unit in the Strawn formation is hereby approved.

Sincerely,

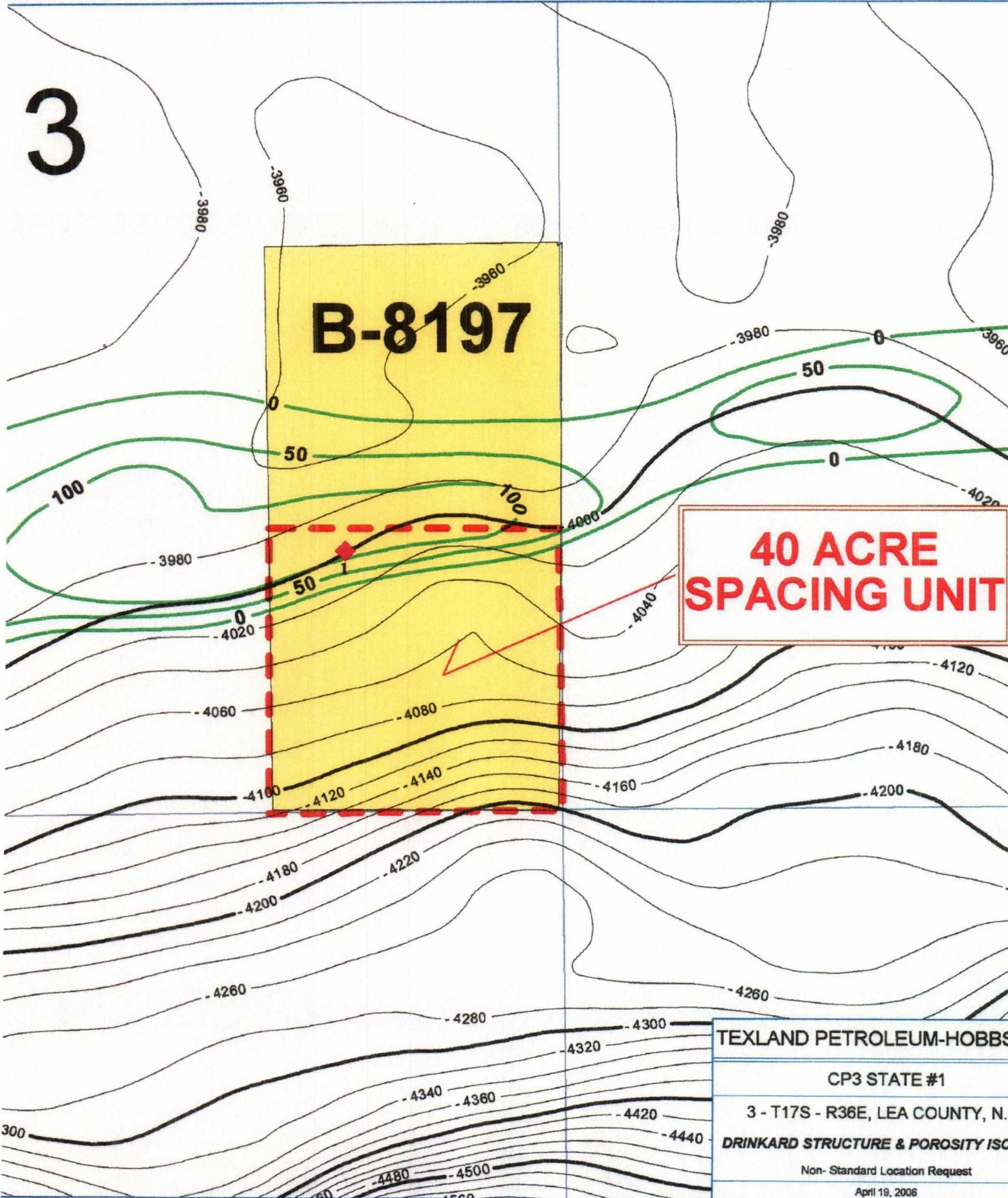
Mark E. Fesmire, P.E.  
Director

cc: Oil Conservation Division - Hobbs/Artesia

3

**B-8197**

**40 ACRE  
SPACING UNIT**



TEXLAND PETROLEUM-HOBBS
CP3 STATE #1
3 - T17S - R36E, LEA COUNTY, N.I.
<b>DRINKARD STRUCTURE &amp; POROSITY ISC</b>
Non- Standard Location Request
April 19, 2006

2

1-2  
4

40 ACRE  
SPACING UNIT

B-8197

1

1-0-3710-1

3

26

1  
38

3-1

1

10

EXHIBIT B

TEXLAND PETROLEUM-HOBBS LLC

CP3 STATE #1

LEA COUNTY, N.M.

3 - 717S - R36E

Non-Standard Location Request

April 18, 2006

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1400 N. FRANCIS DR., SMOKE, NM 87501

DISTRICT II  
1301 W. GRAND AVENUE, ALBUQUERQUE, NM 87102

DISTRICT III  
7000 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV  
1400 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 11, 2005  
Submit to appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

APN Number 30-025	Pool Code	Pool Name Lovington Drinkard
Property Code	Property Name CP 3 STATE	Well Number 1
OGRID No. 113315	Operator Name TEXLAND PETROLEUM - HOBBS, LLC	Elevation 3867'

Surface Location

TL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	17-S	36-E		1229	SOUTH	1005	EAST	LEA

Bottom Hole Location if Different From Surface

TL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or InRD	Consolidation Code	Order No.
40			

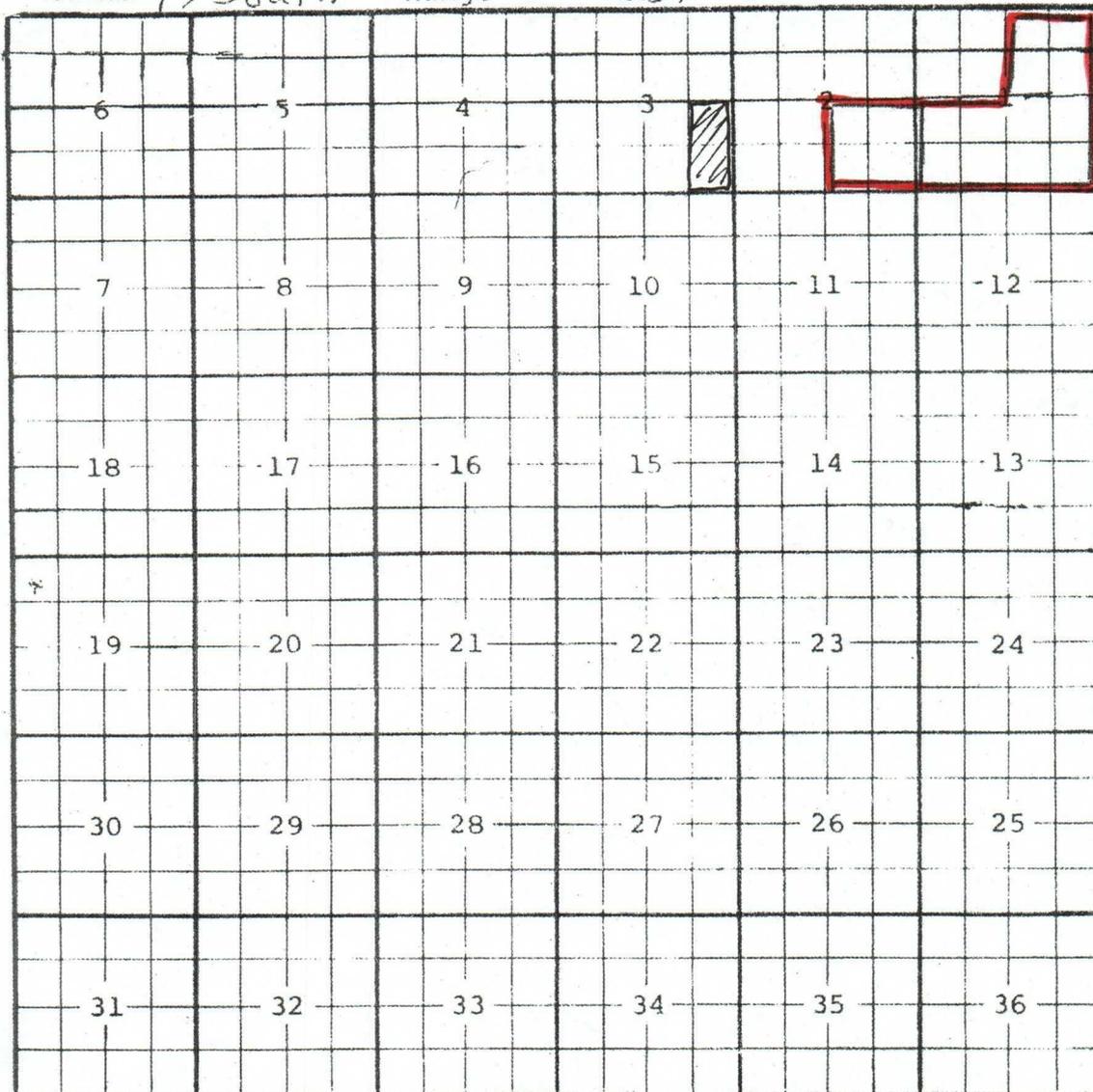
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.37 AC	LOT 3 39.42 AC	LOT 2 39.47 AC	LOT 1 39.52 AC	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization neither owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</p> <p><u>Vickie Smith 4/12/06</u> Signature Date</p> <p><u>Vickie Smith</u> Printed Name</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=678067.7 N X=806080.6 E</p> <p>LAT.=32°51'36.58" N LONG.=103°20'11.63" W</p>				
<p>MARCH 30, 2006</p> <p>Date Surveyed</p> <p>Signature in Print of Professional Surveyor</p> <p><u>Mary A. Kibson 4/6/06</u> 08.11.0557</p> <p>Certificate No. GARY KIBSON 12641</p>				
<p>1000'</p> <p>1229'</p> <p>Texland et al B-1197</p>				

EXHIBIT C

County Lea Pool Lovington-Drinkard

TOWNSHIP 17 South Range 36 East NMPM



Ext:  $\frac{NE}{4}$  and  $\frac{S}{2}$  Sec. 1 (R-11243, 9-15-99) Ext:  $\frac{SE}{4}$  Sec. 2 (R-11425, 10-24-00)

Handwritten notes and a series of horizontal lines for additional information.

